

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 CIAE-00 DODE-00 NSAE-00  
NSCE-00 SSO-00 ICAE-00 INRE-00 AID-05 COME-00  
EB-08 FRB-03 INR-10 TRSE-00 XMB-02 OPIC-03 SP-02  
LAB-04 SIL-01 OMB-01 SS-15 STR-07 CEA-01 L-03  
H-01 PA-01 ITC-01 INT-05 CTME-00 /109 W  
-----097394 121228Z /15

O 121203Z APR 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5956

INFO ALL EC CAPITALS IMMEDIATE

USMISSION GENEVA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 07070

USEEC

GENEVA ALSO FOR MTN

PARIS ALSO FOR OECD

E.O. 11652: GDS

TAGS: EEC, ETRD, EIND, OECD

SUBJECT: US-EC-JAPAN STEEL TALKS APRIL 11

1. SUMMARY: IN A TRILATERAL MEETING APRIL 11, US, EC  
AND JAPAN AGREED TO CONTINUE TO EXPLORE IDEAS BEHIND  
A NEW MULTILATERAL FRAMEWORK FOR STEEL TALKS. A  
CHECKLIST OF POSSIBLE TOPICS AND OBJECTIVES FOR THE  
GOUP WAS DRAWN UP AND PARTICIPANTS AGREED THAT NEXT  
STEPS SHOULD BE APRIL 24 AND 25 MEETINGS IN WASHINGTON  
TO FLESH OUT THINKING ON THESE SUBJECTS AND A MAY 23-24  
MEETING OF THE OECD AD HOC STEEL GROUP. END SUMMARY.

2. US-EC-JAPAN DELEGATIONS MET IN BRUSSELS

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APRIL 11 TO CONTINUE DISCUSSIONS ON STEPS WHICH MAY  
BE APPROPRIATE FOR FURTHER MULTILATERAL DISCUSSION OF  
STEEL ISSUES. US AND EC BOTH PUT FORWARD PAPERS ON  
TOPICS FOR MULTILATERAL DISCUSSIONS. WHILE US PAPER  
DEALT MAINLY WITH TRADE ISSUES, EC PAPER PUT EMPHASIS  
ON POSSIBILITY FOR COORDINATION OF ACTIONS RELATIVE TO  
PRODUCTION AND DELIVERY LEVELS, IMPROVEMENT IN PRICES,

COORDINATION OF CAPACITY LEVELS, SUPPLY ADDITIONS FROM LDC.S. AND COMPLIMENTARITY OF GOVERNMENTAL RESTRUCTURING POLICIES. JAPANESE DID NOT TABLE A CHECK LIST OF TOPICS.

3. AT MORNING SESSION, EC (DAVIGNON) STRESSED NEED FOR A MULTILATERAL FRAMEWORK TO ENSURE COORDINATED ACTIONS TO DEAL WITH STEEL PROBLEMS. HOWEVER. THE FRAMEWORK SHOULD NOT BE TOO RIGID OR LEGALISTIC. HE RECOGNIZED THAT EFFORTS IN SUCH A FRAMEWORK ARE RELATED TO THE MTN, BUT HE THOUGHT THEY SHOULD TAKE PLACE OUTSIDE THE MTN CONTEXT ITSELF. HE THOUGHT A GROUP IN THE OECD MODELED AFTER THE IEA MIGHT BE APPROPRIATE. BY THIS HE MEANT THAT A GROUP SHOULD HAVE A PERMANENT CHAIRMAN. SET OUT CLEAR GUIDELINES AND WORK TOWARD OPERATIONAL DECISIONS RATHER THAN INCONCLUSIVE DISCUSSIONS. HE EMPHASIZED THAT THE GROUP SHOULD BE ABLE TO TAKE BINDING DECISIONS AND NOT BE SUBJECT TO THE OVERSIGHT OF THE OECD COUNCIL FOR ALL ITS DISCUSSIONS.

4. US SIDE (WOLFF) AGREED THAT NEW FRAMEWORK WHICH DEALT WITH SUBSTANTIVE ISSUES WOULD BE USEFUL BUT THAT QUESTIONS OF PROCEDURES AND VENUE COULD BE SETTLED ONCE THE SUBSTANCE OF DISCUSSIONS WAS DECIDED. HE THOUGHT THE DIFFERENCE IN EMPHASIS IN THE US AND EC PAPERS COULD BE RECONCILED, POINTING OUT, HOWEVER. THAT THE EC.S PRESENTATION SEEMED TO IMPLY GREATER GOVERNMENTAL INVOLVEMENT THAN WAS CONFIDENTIAL

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POSSIBLE OR DESIRABLE FOR US.

5 JAPANESE SIDE (TAKAHASHI) NOTED GOJ EFFORTS TO COOPERATE WITH BOTH US AND EC STEEL TRADE MEASURES AND SAID THEY WERE WILLING TO CONSIDER PROPOSALS FOR FURTHER COOPERATION. TAKAHASHI NOTED, NEVERTHELESS, JAPANESE RESERVATIONS ABOUT TOO RIGID AN INTERNATIONAL FRAMEWORK, POSSIBLE REPERCUSSIONS ON OR EXTENSIONS TO OTHER SECTORS, AND WIDE PARTICIPATION BY LDC.S.

6. AFTERNOON MEETING ESTABLISHED AGREED CHECKLIST OF POSSIBLE TOPICS AND LIST OF OBJECTIVES (BELOW) TO BE TAKEN UP IN MULTILATERAL CONTEXT.

TOPICS:

A. IDENTIFICATION OF MAJOR SUPPLY AND DEMAND PROBLEMS

- MONITORING AND FORECASTS OF IMBALANCES IN WORLD SUPPLY AND DEMAND

- EXAMINATION OF CHANGES IN INTERNATIONAL TRADE PATTERNS

- REGULAR REVIEW OF SUPPLY/DEMAND AND RELATED DEVELOPMENTS

C. POLICIES TO DEAL WITH PROBLEMS ARISING DURING PERIODS OF

MAJOR SUPPLY/DEMAND IMBALANCES

TRADE:

- ANTI-DUMPING AND SAFEGUARD MEASURES
- EXPORT CONTROLS
- EXPORT PROMOTION/SUBSIDY

DOMESTIC:

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H-01 PA-01 ITC-01 INT-05 CTME-00 /109 W  
-----097426 121226Z /15

R 121203Z APR 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5957

INFO ALL EC CAPITALS IMMEDIATE

USMISSION GENEVA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 07070

- MEANS OF INFLUENCING DEMAND
- MEANS OF SUSTAINING BUSINESS OPERATIONS

D. POLICIES TO INFLUENCE STRUCTURAL ADJUSTMENT

- PRICING POLICY
- INVESTMENT
- MODERNIZATION
- CLOSURES AND RECONVERSIONS

- READAPTATION OF LABOR

E. ORGANIZATIONAL QUESTIONS

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- FRAMEWORK

- FUNCTIONS

- MEMBERSHIP

- VENUE

F. PROCEDURAL QUESTIONS

OBJECTIVES:

A. A MECHANISM FOR MONITORING ECONOMIC AND POLICY DEVELOPMENTS IN THE STEEL SECTOR AND FOR CONSULTATIONS REGARDING THEM

B. A MULTILATERAL CONTEXT FOR COOPERATIVE EFFORTS TO ANTICIPATE AND PREVENT PROBLEMS TO THE EXTENT POSSIBLE CONSISTENT WITH THE NEED TO MAINTAIN COMPETITIVE PRESSURES IN THE SECTOR

C. REDUCE INTERNATIONAL UNCERTAINTIES ABOUT SUCH CRISIS ACTIONS. ASSURE THAT THEY ARE AS LIMITED, EQUITABLE, AND TEMPORARY AS POSSIBLE; AND AVOID SHIFTING THE BURDEN TO OTHERS

D. ENCOURAGING LONG-TERM RESTRUCTURING AND MODERNIZATION, WHERE NECESSARY, TO PROMOTE RATIONAL ALLOCATION OF PRODUCTIVE RESOURCES WITH THE AIM TO ACHIEVING FULLY COMPETITIVE ENTERPRISES

7. PARTICIPANTS AGREED TO MEET MORNING OF APRIL 24 IN WASHINGTON PRIOR TO STRAUSS/DAVIGNON MEETING THE FOLLOWING  
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DAY.

8. IT WAS ALSO AGREED THAT OECD MEETING OF AD HOC STEEL GROUP SCHEDULED FOR APRIL 25 AND 26 WILL BE RESCHEDULED

FOR MAY 23-24. OECD SECRETARIAT (WOOTEN) AGREED BY PHONE  
TO THIS CHANGE AND WILL INFORM OTHER PARTICIPANTS.

9. THIS CABLE IS BEING SENT TO EC CAPITALS AND EMBASSY  
TOKYO FYI AND SHOULD NOT BE DISCUSSED WITH HOST GOVERN-  
MENTS. HINTON

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## Message Attributes

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Declassified/Released  
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